

Task Force on the Economic Future of Western Maryland

October 6, 2021; 9:30 AM

Meeting Minutes

Task Force Members in Attendance:

- Senator George Edwards, *Co-Chair*
- Delegate Jason Buckel, *Co-Chair*
- Jack Schammel, *Asst. Director of Entrepreneur and Ecosystem Empowerment, TEDCO*
- Al Delia, *Vice President for Economic and Regional Engagement, Frostburg State University*
- Shelley McIntire, *Hagerstown City Council Member, MML*
- Jake Shade, *Allegany County Commissioner, Tri-County Council of Western Maryland*
- Juli McCoy, *Executive Director, Allegany County Chamber of Commerce*
- Jim Hinebaugh, *Garrett County Chamber of Commerce*
- Paul Frey, *President and CEO, Washington County Chamber of Commerce*
- Andrew Sargent, *Sr. Business Development Representative, Western MD, Maryland Department of Commerce*

I. Call to Order

a. Remarks by the Co-Chairs

Senator Edwards welcomed attendees of the meeting. Senator Edwards thanked Washington County's Community Coalition for the group's support of some of the task force's recommendations. Senator Edwards asked that participation be robust.

b. Approval of minutes from September 2 meeting

The meeting minutes were approved without dissent.

II. Discussion of Regional Needs with Economic Development and Business Representatives

Timi Hadra from IBM spoke. Ms. Hadra mentioned that the company has seen several positives, including being able to hire upwards of 80 people even during the pandemic. IBM is looking to restart work in the office and are trying to have new hires move to the area. The challenge is finding available housing for new hires. Most new hires are new college graduates and are looking for middle market housing, including rentals. Some new hires are providing feedback that they have been unable to find any housing. Ms. Hadra noted that one positive of working in the region is that the company has a low attrition rate; once people move to the area they remain there. Ms. Hadra indicated she is aware of the work the I-68 Alliance is doing and she is appreciative of it. Ms. Hadra noted that another challenge for the region is broadening the radius of where people

live. Ms. Hadra stated that many new hires come from places with more robust transit options and finding ways to build transit and make major employers accessible can continue to attract new residents to the region. Another challenge mentioned was building a robust pipeline of new hires and ensuring local employers have sufficient high quality talent rather than needing to hire from outside the region.

Jim Hinebaugh asked if IBM was working with anyone locally to address housing needs. Ms. Hadra noted that generally IBM works with Frostburg State University, the I-68 Alliance, and the local chambers of commerce. Jim Hinebaugh asked if there were conversations with developers. Ms. Hadra said that there had been some but not recently. A challenge is that developers typically require commitments. Al Delia mentioned that The Greater Cumberland Committee is looking at housing needs in the region and hopes to have a much more complete picture of housing availability in the next couple months. This data can be used by policy makers and local developers. Ms. Hadra noted that most employees prefer to live in Maryland and that most new hires are not from the region. Ms. Hadra also noted that the housing challenge is especially acute now given the size of the cohort IBM is looking to move to the region. Ms. Hadra noted that while the jobs pay good salaries for the region, they are seeing issues with new hires and student loan debt; money that could be spent on rent is instead spent on loan repayment and poses a challenge for entry-level workers.

Paul Frey commented on other ways to reduce costs of housing. For example, having developers take advantage of Opportunity Zones to develop mixed use developments or new homebuilding solutions such as modular homes. Andrew Sargent noted that developer tax incentives could be another possible solution. Jake Shade asked if the state has programs to incentivize infill housing on vacant lots. Andrew Sargent said that DHCD has a program to prepare land but that is where it generally ends. Delegate Buckel agreed and said that beyond land preparation tools such as TIFs and REITs become important. Oftentimes developers fear investing in an area with population decline but this then creates a cycle that is hard to break.

Al Delia stated that Frostburg State University has recently been involved with a couple different projects but that both have faced challenges in making the incentives work for the developers. Jim Hinebaugh said that the Secretary for DHCD will be visiting Garrett County and this could be a topic for discussion at that point. Jim Hinebaugh said that the most likely path forward involves state assistance. Andrew Sargent noted that most programs at Commerce have a Tier 1/Tier 2 setup and that that infrastructure can be used to help target/support investment in disadvantaged areas of the state. Jake Shade asked if the state could consider factoring in population decline when making investment decisions. Senator Edwards agreed.

Delegate Buckel stated that MEDAAF, run through Commerce, could be another vehicle for assistance. There is currently nothing within MEDAAF that says certain funds must go towards Tier 1 counties or counties experiencing population decline. Delegate Buckel

suggested a path forward could be to expand MEDAAF and designate the additional funding be used only in Western Maryland. Al Delia commented that if the MEDAAF statute is to be tweaked that another change could be allowing MEDAAF funds be given directly to universities. Many of the companies that would benefit from MEDAAF funds in Western Maryland or on the Eastern Shore often come through universities and colleges and this would help. Delegate Buckel stressed how important it is to the region to have Commerce, MEDCO, and TEDCO advocate for the region when talking with businesses. Senator Edwards noted that at one point Cumberland was the second largest town in Maryland; however today it languishes while many surrounding areas boom. Finding ways to rebuild the area's population is important. Paul Frey commented on remote work bonuses in West Virginia and other areas and suggested that as a potential remedy.

III. Discuss Recommendations for Final Report/Revisions to Interim Report

Task force members discussed each recommendation from the interim report as well as a recommendation from the September 2 meeting.

TF-1: Mary Clapsaddle asked why legislation around this recommendation did not pass during the last legislative session. Senator Edwards noted that the legislation did pass the senate and expressed hope that it could be passed during the coming legislative session. Senator Edwards also mentioned potentially asking for a funding commitment of \$100 million up front that would be available in \$20 million increments each year for five years. Delegate Buckel noted that a challenge the house had was in finding ways to allocate funding to the WMEFIF rather than levels of opposition. Al Delia said that he would like to see the eventual legislation include the ability for paybacks to go back to the fund. Senator Edwards commented that he would like to see language included that funding could be structured as a grant or a loan and that loans or paybacks would be repaid to the fund and enable the fund to be self-sustaining.

TF-2: Al Delia noted that funding does not go into effect until next year but that TF-2 passed and was enacted. Senator Edwards asked that this recommendation not be removed but instead 'starred' with a comment that the task force's recommendation was successful.

TF-3: Al Delia noted that the key with the recommendation is lowering the threshold for smaller universities, not just allowing them to participate. Delegate Buckel stated that if legislation is introduced the task force will be supportive. Mary Clapsaddle suggested setting matching thresholds by Carnegie classification statuses. Delegate Buckel suggested that language be amended to include data for the most recent fiscal year.

TF-4: Senator Edwards said he believed this recommendation did not require changes or associated legislation. Al Delia noted that DNR has put out an RFI for a contractor at Rocky Gap with information due on October 19. At that point DNR will turn the requested information into an RFP. Senator Edwards noted his participation on a

commission on state parks and mentioned bringing this recommendation and TF-5 up during a meeting.

TF-5: Task force members did not have suggested changes to this recommendation.

TF-6: Delegate Buckel found this recommendation fine as is. Senator Edwards noted that he will try and have the state parks commission comment on this since many state-owned lakes are also parks.

TF-7: Delegate Buckel suggested that the task force try to have this recommendation move forward again. Associated legislation passed the house but stalled in the Senate. Jack Schammel noted that this is a pilot program that TEDCO would like to see instituted.

TF-8: Jack Schammel noted that this recommendation is a great way to highlight/provide support to an ongoing program within TEDCO.

TF-9: Delegate Buckel said he was not sure this recommendation would be pushed again in the next legislative session. Andrew Sargent indicated that the Department of Commerce has applied for EDA funding to hopefully support tourism as well. Senator Edwards suggested leaving the recommendation in the final report with a note stating it would not be pushed again.

TF-10: Paul Frey said he liked the recommendation. Michael Siers asked if this recommendation should be combined with TF-15. Al Delia noted that the housing study through the Greater Cumberland Committee likely won't have results in time to influence potential legislation on this topic. Senator Edwards suggested wording be added reflecting middle income housing. Jim Hinebaugh said there should be some recommendation relating to housing in the final report. Jim Hinebaugh noted that the current wording does not call for local participation or mention income thresholds. Senator Edwards said that legislation would likely need to be done statewide but that the task force should emphasize the importance of housing to local economic development. Delegate Buckel and Senator Edwards agreed that TF-10 and TF-15 could be combined. Juli McCoy agreed and suggested adding language referencing the Greater Cumberland Committee's study. Jim Hinebaugh asked if other areas of the state would be covered by this legislation. Delegate Buckel noted that many areas of the state see similar pressures, including parts of the Eastern Shore near Delaware.

TF-11: Senator Edwards stated that this recommendation has been tried several times before but has not been successfully passed. Senator Edwards suggested marking the recommendation down as no successful.

TF-12: Delegate Buckel said that they would refile and wait until more is known about the status of the summer session study.

TF-13: Senator Edwards commented on the importance of trails and said the task force should not pick specific trails to prioritize but should leave that decision to local residents.

TF-14: No comments were made on this recommendation.

TF-15: This recommendation will be combined with TF-10 per earlier conversation.

IV. Next Steps and Future Meetings

Senator Edwards suggested the task force meet at the end of the month or early November to review recommendations and suggest final revisions. Then a final meeting would occur in mid-November to vote on recommendations before Thanksgiving. The final report would then be prepared and ready by December.

V. Public Comment

Chip Wood, a member of the public, spoke. Mr. Wood recommended that the final report include an Appendix C with a line item on specific data and experiences the task force has in achieving each recommendation. Mr. Wood also recommended potential ways to reduce the cost of sprinkler system installation in new housing construction.

VI. Closing Remarks/Adjournment

Senator Edwards thanked everyone for participating and noted he hoped the next meeting would be held on November 2. Delegate Buckel said he believed the task force had a good gameplan in place. Delegate Buckel said he would like to get the two bills that almost passed last session fully enacted during the coming session. Delegate Buckel also mentioned he would like to come up with a strategy for how to support bills as they are introduced in the coming legislative session.